

BRANCH MINT AT SAN FRANCISCO.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

IN ANSWER TO

A resolution of the House of the 20th instant, relative to the condition and management of the United States branch mint at San Francisco, California.

FEBRUARY 29, 1868.—Referred to the Committee on Coinage, Weights, and Measures, and ordered to be printed.

TREASURY DEPARTMENT,
February 28, 1868.

SIR: I have the honor to acknowledge the receipt of a resolution of the House of Representatives, under date of the 20th instant, directing the Secretary of the Treasury to communicate to the House information as to the present condition and management of the affairs of the United States branch mint at San Francisco, California; whether the controversy between the superintendent and treasurer of that institution, that has existed for some four years past, still continues; also what has been done with the case of the United States *vs.* Haraszthy, (former melter and refiner of the branch,) for an alleged embezzlement of the larger portion of the sum of \$263,591 43, deficit in his department in 1856, for which for a time the government held property trustee, belonging to said Haraszthy; and also as to what disposition has been made in the more recent case of robbery perpetrated previous to or in the month of December, 1866, in the treasurer's department; whether the treasurer, D. W. Cheesman, has yet made good all or any part of the \$9,600 in greenbacks, the \$9,355 30 also in greenbacks, or the twenty thousand dollars gold coin stolen, and also if the Secretary still entertains the proposal of said Cheesman to throw the responsibility of the loss of the latter sum upon the coiner's department of the branch mint; also information of the still more recent fraud perpetrated prior to and about the month of December last in the treasurer's department, viz., the alterations in the reported fineness of deposits of gold and silver, and how long continued and how extensive this last fraud has proven to be.

The alleged embezzlement of A. Haraszthy, former melter and refiner of the branch mint, occurred in 1856, and at the time was fully investigated by agents of the government, and full reports, and also the voluminous testimony in that case, are among the archives of this department. I have, however, no other official information in my possession relative to the final result of the case, and the Solicitor is now in correspondence with the district attorney for the purpose

of obtaining the information upon this subject, which is called for by the resolution.

The defalcation of the pay clerk in the office of the treasurer of the mint was fully ascertained in January, 1866. In the month of June following an agent was sent to San Francisco from this department, and a full report was made upon the condition of the branch mint, which was communicated to Congress and will be found upon page 255 of the finance report of 1866. This report gives on page 256 a full, and as is believed a correct, account of that defalcation. It states that the ninety-six hundred dollars first taken by the clerk in the office of the treasurer was returned by him on the following morning, and that the amount of ninety-three hundred and fifty-five dollars and thirty cents (\$9,355 30) was paid by the treasurer into the treasury on the 30th day of July, 1866, and that there was still a deficit of twenty thousand dollars coin. The report of the superintendent on the 31st day of December, 1867, states "that there was on that day a discrepancy between the accounts of the treasurer and those of the coiner of twenty thousand dollars, arising from the coiner having charged one hundred and twenty thousand dollars as delivered on the 9th day of December, 1865, and the treasurer having credited one hundred thousand dollars as received on that day." In order to test the liability of the treasurer for this discrepancy, (\$20,000,) suit has been directed to be brought upon his official bond.

In the month of January last the department was informed by the director of the mint that he had received information from the superintendent of the branch mint at San Francisco of another defalcation in the office of the treasurer to the extent of from twelve to fourteen thousand dollars. The party implicated was James H. Cills, who received and computed the reports of deposits made by the assayer to the treasurer. By raising the gold finenesses and reducing the silver finenesses in the assayer's reports of certain bullion deposits in which he was interested, the parties associated with him were enabled to obtain more than the true value of their deposits. A despatch received from San Francisco on the 24th instant states that the amount of this defalcation is about thirteen thousand dollars. In both these cases directions were given through the proper officers to arrest the parties implicated, but the official records of this department do not exhibit the criminal proceedings in these cases.

The director of the mint, in a communication of the 25th instant, states that he has reason to believe that the business of the branch mint in San Francisco is conducted with skill and fidelity, and that the institution enjoys the confidence of the public; and that he is informed by the superintendent that the instructions and regulations in force at Philadelphia are strictly adhered to in San Francisco. Recent information has been received from the superintendent of the branch mint that the annual settlement just completed was entirely satisfactory. The wastage in the coiner's department was one hundred and eighteen ounces gold and seventy-six ounces silver. The excess in the melter and refiner's department was seven ounces gold and two thousand and forty-seven ounces silver, making actual wastage in both departments one hundred and eleven ounces gold and nineteen hundred and seventy-one ounces silver for the year. The director of the mint at Philadelphia in transmitting confirms the report of the superintendent, and states that the result of the annual settlement is very satisfactory, the wastage being very much within the limits allowed by law.

I have the honor to be, very respectfully, your obedient servant,

H. McCULLOCH,

Secretary of the Treasury.

Hon. SCHUYLER COLFAX,

Speaker of the House of Representatives.